

SUMMARY ANALYSIS OF AMENDED BILL

Author: Leno & Ma Analyst: William Koch Bill Number: SB 223
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: July 11, 2011
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: City & County Of San Francisco Voter-Approved Local Vehicle License Fee/FTB & DMV Develop Reporting Process That Enables DMV To Report To FTB Data To Prepare Estimate Of Revenue Loss/FTB Report To DMV Amount Of Revenue Loss Incurred By The State Due To Deductibility Of Fee

SUMMARY

This bill would require the Franchise Tax Board (FTB) to report to the Department of Motor Vehicles (DMV) the estimated revenue loss as a result of deductions taken by residents of the City and County of San Francisco due to the passage of a voter-approved local vehicle assessment.

This bill also contains provisions for the imposition of a City and County of San Francisco voter-approved local assessment, which do not impact the FTB and are not discussed in this analysis.

RECOMMENDATION AND SUPPORTING ARGUMENTS

No position.

SUMMARY OF AMENDMENTS

The July 11, 2011, amendments:

- Added a coauthor,
- Would limit the voter-approved local assessment to the City and County of San Francisco,
- Resolved the department's previously identified technical concern, and
- Added legislative findings to the bill regarding the necessity of a special law.

As a result of the above amendments, the "This Bill" and "Economic Impact" sections of the department's analysis of this bill as introduced February 9, 2011, have been revised; the "Technical Considerations" no longer applies. The remaining sections of that analysis still apply. The "Fiscal Impact" section has been restated for convenience.

Board Position:

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Asst. Legislative Director

Date

Patrice Gau-Johnson

8/10/11

ANALYSIS

THIS BILL

This bill would enact the Local Assessment Act, which would authorize the City and County of San Francisco, to impose on its residents, upon voter approval, a local assessment on specified vehicles. The City and County of San Francisco board of supervisors would be required to transmit a certified copy of the voter-approved ordinance to the FTB.

This bill would require that on or before January 1 of the second year after the assessment is imposed, and annually thereafter, the FTB must report to the DMV an estimate of the revenue loss to the state for the prior year resulting from deductions taken under the Personal Income Tax Law and the Corporation Tax Law for taxes paid or incurred as a result of the assessment. This bill would require the DMV and the FTB to coordinate a reporting process for the FTB to obtain this information from the DMV to assist the FTB in the calculation of the one-time estimate of revenue loss to the state from taxpayers deducting the additional fee on their income tax returns.

FISCAL IMPACT

Implementing this bill would not significantly impact the department's programs or operations.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of SB223, as Amended July 11, 2011, Effective January 1, 2012, Assumed Operative for Local Vehicle License Fees Imposed On or After July 1, 2013, Enactment Assumed After June 30, 2011. (\$ in Millions)				
2011-12	2012-13	2013-14	2014-15	2015-16
No Impact	No Impact	-\$2.6	-\$1.6	-\$0.2

This estimate does not account for changes in employment, personal income, or gross state product that could result from this bill.

The estimate assumes the City and County of San Francisco would begin imposing the maximum local Vehicle License Fee (VLF) on July 1, 2013. Based on this assumption, the proposed local fee would begin to be deducted on the 2013 tax returns that are filed in 2014.

LEGISLATIVE STAFF CONTACT

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